

**UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

*In re*

NELLSON NUTRACEUTICAL,  
INC., *et al.*,

Debtors.

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Chapter 11

Case Number 06-10072 (CSS)  
Jointly Administered

**NOTICE OF APPEAL FROM ORDER GRANTING DEBTORS' MOTION FOR ENTRY  
OF AN ORDER AUTHORIZING AND APPROVING PAYMENTS UNDER  
MANAGEMENT INCENTIVE PLAN  
(RELATED TO DOCKET ENTRY NO. 482)**

Kelly Beaudin Stapleton, United States Trustee for Region 3, by and through her counsel, appeals from this Court's July 18, 2006 order authorizing and approving payments under management incentive plan (the "Order") (Docket Entry No. 482). A copy of the Order is attached as Exhibit A.

The parties to the appeal and their counsel are listed below:

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**KELLY BEAUDIN STAPLETON  
UNITED STATES TRUSTEE FOR REGION 3**

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**NELLSON NUTRACEUTICAL, INC., *et al.*  
DEBTORS IN POSSESSION**

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Brad R. Godshall, Esquire  
Alan J. Kornfeld, Esquire  
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Respectfully submitted,

**KELLY BEAUDIN STAPLETON  
UNITED STATES TRUSTEE**

**BY:** /s/ William K. Harrington

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Date: July 27, 2006

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re	)	Chapter 11
	)	
NELSON NUTRACEUTICAL, INC., <sup>1</sup>	)	Case No. 06-10072 (CSS)
	)	(Jointly Administered)
Debtors.	)	<b>Related Docket No. 334</b>

**ORDER AUTHORIZING AND APPROVING PAYMENTS  
UNDER MANAGEMENT INCENTIVE PLAN**

Upon the motion (the "Motion")<sup>2</sup> of the above-captioned debtors and debtors in possession (the "Debtors") for entry of an order authorizing and approving the Management Incentive Plan; and this Court having jurisdiction over the matters set forth in the Motion; and finding that notice of the Motion was appropriate, and that no further notice is needed; and upon the record established at the hearing on the Motion; and finding that good and sufficient cause exists to grant the relief set forth in the Motion; accordingly, it is hereby

ORDERED, that the Motion is granted; and it is further

ORDERED, that the Debtors are authorized to implement the Management Incentive Plan, substantially in the form attached hereto as Exhibit A; and it is further

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<sup>1</sup> The Debtors and the last four digits of each of the Debtors' federal tax identification numbers are as follows: (a) Nellson Nutraceutical, Inc., a Delaware corporation, Fed. Tax Id. #5044; (b) Nellson Holdings, Inc., a Delaware corporation, Fed. Tax Id. #0642; (c) Nellson Intermediate Holdings, Inc., a Delaware corporation, Fed. Tax Id. #0653; (d) Nellson Northern Operating, Inc., a Delaware corporation, Fed. Tax Id. #7694, (e) Nellson Nutraceutical Eastern Division, Inc., a Delaware corporation, Fed. Tax Id. #8503; (f) Nellson Nutraceutical Powder Division, Inc., a Delaware corporation, Fed. Tax Id. #3670; and (g) Vitex Foods, Inc., a California corporation, Fed. Tax Id. #9218.

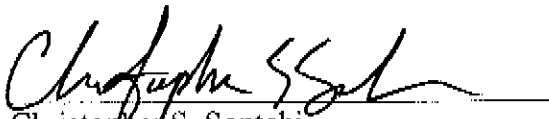
<sup>2</sup> Capitalized terms not otherwise defined herein are to be given the meanings ascribed to them in the Motion.

ORDERED, that the Debtors are authorized, but not directed, to make payments to the Employees, under the Management Incentive Plan, up to an aggregate amount of \$1.395 million; and it is further

ORDERED, that all payments under the Management Incentive Plan shall be deemed allowed administrative expenses of the Debtors' estates under section 503(b) of the Bankruptcy Code; and it is further

ORDERED, that this Court shall retain jurisdiction over all matters set forth in the Motion, including the entitlement of any party to any payment pursuant to the Management Incentive Plan.

Dated: July 18, 2006

  
Christopher S. Sontchi  
United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE

**APPEAL TRANSMITTAL SHEET**

Case Number: 06-10072      ☒ BK    ☐ AP

If AP, related BK Case Number: \_\_\_\_\_

Order Appealed: Order Authorizing and Approving Payments Under Management Incentive Plan

Docket Number: 482

Date Entered: 7/18/06

Item Transmitted: ☒ Notice of Appeal

☐ Motion for Leave to Appeal

☐ Amended Notice of Appeal

☐ Cross Appeal

Docket Number: 512

Date Filed: 7/27/06

\*Appellant/Cross Appellant:

Kelly Beaudin Stapleton - U.S. Trustee

\*Appellee/Cross Appellee

Nellson Nutraceutical, Inc. ■

Counsel for Appellant:

Counsel for Appellee:

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Rachel Lowy Werkheiser, Esq.

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*\*If additional room is needed, please attach a separate sheet.*

Filing Fee paid? ☒ Yes    ☐ No

IFP Motion Filed by Appellant? ☐ Yes    ☒ No

Hard Copies of Designated Items Received? ☒ Yes    ☐ No

Have Additional Appeals to the Same Order been Filed? ☒ Yes    ☐ No

If so, has District Court assigned a Civil Action Number? ☐ Yes    ☒ No    Civil Action # \_\_\_\_\_

Additional Notes:

Hard copies of designations received from appellee only

August 23, 2006  
Date

By: Lisa M. Ciconte  
Deputy Clerk

Bankruptcy Court Appeal (BAP) Number: 06-45  
7/6/06

FOR USE BY U.S. BANKRUPTCY COURT